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SECTION I

GENERAL PROVISIONS

- 1-1 The purpose of this procedure is to provide a method by which the standard pay calculations, and the printing of checks and Payroll reports can be accomplished by electrical accounting machine methods. The complete pay of an individual must be computed either mechanically or manually; a combination of both methods will not be used.
  - a. Standard pay calculations are those temporary changes which result by virtue of the following types of services performed:
    - (1) Overtime
    - (2) Night Differential
    - (3) Holiday Time
  - b. Non-standard calculations are those temporary changes which occur because the employee's pay will be for other than 80 regular hours for a bi-weekly period, salary changes, or when the employee's pay account is adjusted. Deductions for FICA are non-standard changes for this purpose.
- 1-2 The system is based on the mechanical processing being assigned as a service under separate administrative supervision and control but dedicated primarily to the preparation of payrolls and related pay functions. The certifying officer will assume the same responsibilities as under a manual system.
- 1-3 The payroll file will be based on a normal pay card and an additional compensation pay card. The normal pay is the gross salary, the total deductions, and the net pay for a base (regular) 80 hour bi-weekly pay period.
- 1-4 Changes to the normal pay file will be made only in case of permanent changes in the employee's status such as: promotion, periodic step increase, demotion, tax exemption, bond deduction, separation and transfer. Changes to the normal pay file are prepared by the Payroll Branch on the Time and Attendance Report and Payroll Change Slip, (Form 23-42). This will include the new gross, retirement, bond deduction and the new net for each individual as well as the hourly rate for base and overtime pay. These rates will appear in the blocks on lines "F" and "G". A summary of the Permanent changes will be posted to Standard Forms 1125A (Payroll Control Register) and the new normal pay determined.
- 1-5 Machine Records will punch new normal cards, prepare listings and balance totals to the Payroll Control Register. Old normal cards

will be removed, a listing prepared, and the balance totals posted to the Payroll Control Register. Old normal cards removed because of separation will be held for preparing Form W-2, Withholding Statement; and Retirement Records.

- 1-6 Time and Attendance Report and Payroll Change Slip, Form 34-42, will be preprinted and forwarded to the Payroll Branch for distribution to the Administrative Officers with salary checks. These forms will be used for the next pay period which begins on Sunday following pay day, Friday.
- 1-7 Time and Attendance Report and Payroll Change Slip, Form 34-42, are returned to the Payroll Branch on Monday, following the close of the pay period, from the operating offices and will be posted to the leave record (Standard Form 1137). Time and Attendance Reports and Payroll Change Slip, Form 34-42, for a complete allotment will then be sorted into the following groups:
  - a. Standard Pay Changes

Standard pay changes will be forwarded to Machine Records via Payroll Audit Section with an adding machine tape reflecting the number of hours of service performed in each of the following categories:

    - (1) Overtime
    - (2) Night Differential
    - (3) Holiday Time
  - b. Non-standard Pay Changes

Non-standard pay changes will be manually computed by the payroll clerks on Time and Attendance Report and Payroll Change Slip, Form 34-42, and will be forwarded to Machine Records via the Payroll Audit Section. The Payroll Control shall accompany each completed payroll forwarded.
  - c. No Change

No changes cases will be forwarded to Machine Records with standard changes.
- 1-8 The total overtime, night differential and holiday pay for standard changes will be machine computed. Tax will be figured on the basis of 20% of the gross total additional compensation and subtracted from the gross pay to arrive at the net pay. Night differential will be figured on the basis of 10% of the regular hourly rate. Tabulations will be prepared by regular rate and overtime rate groups for the purpose of proving calculation. Tabulations by Payroll and Allotment groups and the payroll totals will be entered on the Payroll Control Register as additional compensation.

- 1-9 The additional compensation cards will be merged behind the beginning actual pay cards for each employee involved, and will be summarized into pay this period cards.

Check issue cards will be prepared by reproducing the necessary pertinent information from the new normal pay cards and the net amount of pay from the pay this period cards. The check issue cards will be used to reproduce the pay checks.

Pay This Period Control is computed as follows:

- (1) Previous Normal Pay
  - (2) Permanent Changes, Less Old Normals
  - (3) Permanent Changes, Plus New Normals
  - (4) New Normal Pay
  - (5) Temporary Non-standard Changes:
    - (a) Less Normal
    - (b) Plus Actual Pay
  - (6) Standard Changes:
    - (a) Plus Additional Compensation
  - (7) Pay This Period
- 1-10 Pay this Period cards will be accumulated for each pay period for pay to date reports, employee earnings records, tax statements, and other reports.

SECTION II

RESPONSIBILITY

FISCAL DIVISION

- 2-1 RESPONSIBLE FOR ADMINISTERING ALL PHASES OF THE PAYROLL PROGRAM, RESPONSIBLE FOR THE ACCURACY, LEGALITY AND COMPLETENESS OF ALL AMOUNTS CERTIFIED FOR PAYMENT OF CIVILIAN EMPLOYEES AND FOR ADJUSTMENT OF ALL PROBLEMS RELATING TO PAYROLL ADMINISTRATION. RESPONSIBLE FOR INTERPRETING CIVILIAN PERSONNEL REGULATIONS, LETTERS AND CIRCULARS WHICH PRESCRIBE REGULATIONS AND PROCEDURES TO BE FOLLOWED IN PAYROLL ADMINISTRATION. PLANS WORK AND OPERATING TECHNIQUES OF THE PAYROLL OPERATION TO PROMOTE OVERALL EFFICIENCY AND TO INSURE PROPER COORDINATION OF PERSONNEL ACTION AND PREPARATION OF THE PAYROLLS. REPRESENTS THE PAYROLL OFFICE IN CONTACTS WITH OTHER OFFICES AND OUTSIDE AGENCIES IN MATTERS RELATING TO PAYROLL ADMINISTRATION AND THE FURNISHING OF STATISTICAL PAYROLL DATA.

PAYROLL BRANCH

- 2-2
1. Processes Time and Attendance reports, maintains leave records.
  2. Receives and verifies for completeness and accuracy, all basic and source documents pertaining to accessions, separations and payroll changes
  3. Prepares change slips pertaining to accessions, separations and adjustments. Does all necessary calculations in conjunction with these non-standard changes.
  4. Maintains all Payroll Control documents except the individual earnings records.
  5. Reviews, for completeness and accuracy, all reports and statistical data whether prepared manually or on Electrical Accounting Machines by Machine Records.
  6. Prepares certification sheets and certifies as to the accuracy of the payroll submitted to the Disbursing Office.
  7. Prepares correspondence on time, leave and payroll matters

MACHINE RECORDS

- 2-3
1. Mechanically calculates additional compensation earnings, deduction and net pay and prepares actual pay this period card.
  2. Mechanically prepares:
    - (a) Individual earnings record
    - (b) Voucher listing (c) Employee Notice of Additional Compensation
    - (d) W-2 tax statement (e) Time and Attendance Report and Payroll Change Slip, Forms 34-42. (f) Other data required by Fiscal Division
  3. Prepares and maintains:
    - (a) Normal file (b) Beginning Actual Pay File (c) Pay This Period File (d) Additional Compensation File (e) Check Issue File (f) Cumulative Earnings File (g) Roster File.
  4. Mechanically prepares rate tabulation for additional compensation and other control listings as required.

SECTION III

CARD FILES

NORMAL FILE

- 3-1 The normal file contains a card with the name, earnings, deductions and net pay for each employee in an active pay status. The normal file cards are used to prepare the Time and Attendance Report and Payroll Change Slip, Form 34-42, and to reproduce the Beginning Actual Pay file.

BEGINNING ACTUAL PAY FILE

- 3-2 The beginning actual pay file contains the new normal pay this period for a base 80 hour period. These cards are consolidated with the additional compensation cards to prepare the Actual Pay This Period cards.

PAY THIS PERIOD FILE

- 3-3 The Pay This Period File contains the cards from which the payroll reports and check issue file are produced. Subsequent to each pay period, these cards became a part of the cumulative earnings file.

ADDITIONAL COMPENSATION FILE

- 3-4 The additional compensation file is used to compute overtime, holiday, and night differential amounts for standard changes.

CHECK ISSUE FILE

- 3-5 The check issue cards are prepared from the new normal and pay this period cards. They are used to prepare the checks.

EMPLOYEE NOTICE OF ADDITIONAL COMPENSATION CARDS

- 3-6 The employee notice of additional compensation cards are prepared for those employees with standard additional compensation. The cards are obtained by reproducing the Additional Compensation cards.

CUMULATIVE EARNINGS FILE

- 3-7 The cumulative earnings file is composed of the individual's pay this period cards and adjustment cards.

ROSTER FILE

- 3-8 The Roster file contains one card for each employee on the payroll and for each separated employee who has been on the payroll during the calendar year. The name appears in the card in the following sequence: last, first, and middle. The file is used to establish and maintain, an alphabetical - numerical sequence file for assigning

a serial number for each employee. The serial number is used to identify the various cards of an employee and to simplify machine processing.

As new employees are added or a name change occurs, new or revised cards are prepared.

SECTION IV

CODES

CONTROL NUMBER

- 4-1 a. Payroll number is a two-digit numeric code which relates the EAM cards to a payroll control group.
- b. Allotment number is a four-digit numeric code which identifies the expense account to be charged.

EMPLOYEE NUMBER

- 4-2 a. Employee number is a six-digit number assigned to identify each employee. These numbers will be assigned by the Payroll Branch and will be shown on all basic documents forwarded to Machine Records.
- b. Employee numbers will be assigned in alphabetic sequence, regardless of payrolls. An employee's number will not change although he is transferred between payrolls and allotments.
- c. Sufficient expansion must be allowed between numbers to accommodate personnel turnover.
- d. The importance of the proper assignment and maintenance of employee numbers cannot be overemphasized, as practically all operations performed in producing the payroll make us of this number. Extreme care must be taken to insure that the roster of employee numbers is always current and that duplicate numbers are never assigned. Separated employee's numbers will not be used for assignment to new employees during the same calendar year. An employee re-entering on duty within the same year will be assigned a new serial number.

RATES

- 4-3 a. Regular hourly rate is the compensation paid for regular (base) service rendered as authorized in manual number 34.
- b. Overtime hourly rate is the compensation paid for service rendered in excess of 40 hours per week.

TAX CLASS

- 4-4 a. The tax class code is a one-digit code which indicates the number of income tax exemptions which an employee claims.



CARD NUMBER

4-5 The card number code is a one-digit code indicating the type of cards as follows:

<u>CODE</u>	<u>MEANING</u>
1	Normal Pay Card
4	Beginning Actual Pay Card
3	Additional Compensation Card
4	Actual Pay This Period
8	Check Issue Card
9	Cumulative Earnings Summary Card
R	Roster Card
	Employee Notice of Additional Compensation Card

GRADE

4-6 Grade code is a two-digit code indicating grade of the employee.

STEP

4-7 Step code is a one-digit code indicating step within grade.

## SECTION V

### PROCESSING CHANGES AND POSTING LEAVE RECORDS

- 5-1 a. The procedures set forth in this section describe in detail the method of making changes to the normal and actual pay card files and the general method of effecting changes to other payroll card files. In addition to setting forth EAM procedures for these operations, the processing, checking, and control for procedures utilized by the Payroll Branch are also prescribed.
- b. The types of changes to the pay files described in this section are as follows:
- (1) Standard Temporary Changes
  - (2) Standard Permanent Changes to Normal Pay File
  - (3) Non-standard Temporary Changes to Actual Pay File

### PROCESSING STANDARD TEMPORARY CHANGES IN PAY

- 5-2 a. Payment due because overtime, night differential, and holiday services are performed will be computed by Machine Records and a deduction of 20% of the gross (additional compensation) will be withheld for income tax. This additional compensation will then be added to the employee's normal pay and a single check issued for the total net amount. The complete pay for an individual must be computed either mechanically or manually; a combination of both methods will not be used.

- b. Posting Leave Records

The Payroll Branch will, immediately upon receipt of the Time and Attendance Report and Payroll Change Slip, Form 34-42, post all leave earned and taken on Standard Form 1137 (Leave Record).

- c. Grouping Changes

Upon completion of leave posting, the Time and Attendance Report and Payroll Change Slip Form 34-42, will be grouped as follows:

- (1) standard Temporary Changes (Additional Compensation)

Those employees who are entitled to overtime, night differential and/or holiday pay in addition to their regular (80 hours normal) pay.

- (2) Normal Pay
  - Those employees entitled to normal 80 hours pay only.
- (3) Permanent and Non-standard temporary changes in pay
  - a. Those employees who are receiving promotions, periodic step increases and/or other salary changes of permanent nature.
  - b. Those employees whose salary computation will be made by the Payroll Branch
- d. Control
  - (1) The Audit Section, Payroll Branch establishes controls by running adding machine tapes separately for: overtime, night differential, and/or holiday hours for each allotment.
  - (2) Enters the sum of the following, by payroll, in the Payroll Control Register:
    - a. Regular and Overtime rates, Base salary, Tax, Retirement, Bonds, Other and Net by Payroll, for both Less and Plus Normals of the Permanent change group.
    - b. Gross, Tax, Retirement, Bonds, Other, and Net by Payroll for the Less Normal (temporary) and Plus Actual Pay, if any, for those individuals receiving a manually calculated payment.
- e. Forward Time and Attendance Report and Payroll Change Slip, Form 34-42, with adding machine tapes and Payroll Controls to Machine Records.
- f. Key Punching
  - (1) Time and Attendance Report and Payroll Change Slip, Form 34-42, will be received in Machine Records for all employees who worked night differential, overtime and/or holiday hours or were charged with leave during the pay period.
  - (2) Key punch and verify additional compensation cards with the following data:

Allotment Number	Holiday Hours
Payroll Number	Night Differential
Employee Number	Annual Leave Hours
Overtime Hours	Sick Leave Hours

g. Balancing Additional Compensation Hours

- (1) Tabulate the additional compensation cards, and balance the totals of hours to corresponding totals on the adding machine tape.
- (2) Discrepancies are corrected to the Time and Attendance Report and Payroll Change Slip, Form 34-42.

h. Punching Rates

- (1) Sort the additional compensation cards by employee, allotment and payroll numbers and match on these fields against the normal pay file. During this matching operation, select like cards from the normal pay file. Select any additional compensation cards that do not match; there should be none however, and any card selected must be checked for discrepancy.
- (2) Reproduce rates and name from the normal card to additional compensation and compare employee number, allotment and payroll.

i. Computing Earnings

- (1) Sort the additional compensation cards on rates.
- (2) Pass the additional compensation cards through the multiplier, multiplying the hours in each of the three fields by the appropriate rates for these hours and punching the results in the appropriate earnings fields. Add the result of overtime, holiday and night differential together and punch total of additional compensation. Multiply the total by 20% for tax deduction and subtract tax from total for net amount.

j. Plus Additional Compensation Listing

- (1) Tabulate the additional compensation cards showing the totals of all earnings and hours for each rate, and manually prove calculations.
- (2) Sort the cards by employee, allotment, and payroll number and tabulate, controlling on allotment and payroll numbers, and again check number of hours.
- (3) Furnish these tabulations to the Payroll Branch for verification and posting to controls.

PROCESSING PERMANENT CHANGES TO NORMAL PAY FILES

5-3 A. Key Punching

(1) Accessions

Upon receipt of documents representing accessions, key punch and verify new normal cards with the following data:

Allotment Number	Base
Payroll Number	Tax
Serial Number	Retirement or FICA
Name (first, middle, and last)	Bonds
Tax Code	Net Pay
Grade and Step	Regular Rate
Class	Overtime Rate
Salary or Rate	Card Number

(2) Changes

Upon receipt of documents representing changes to the normal pay file, key punch and verify new normal cards with all the above data.

(3) Separations

A card will be punched for documents representing separations or transfers with the following information:

Allotment Number  
Payroll Number  
Serial Number  
Transfers (Allotment or Roll) or Term.  
"J" col. 80

B. Plus New Normal Listing

Combine the new normal change cards with the new normal cards for accessions. Arrange these cards in employee number sequence within allotment and payroll and prepare a listing, showing the totals of earnings, deductions, and net pay for each allotment. Check the total earnings, deductions, and net pay to the Payroll Control Register to prove balance. Furnish a copy of this "Plus New Normal" listing to Payroll Branch as proof of adjustment.

C. Selecting Old Normals

Merge the separation and transfer (J col. 80) cards with the plus new normal cards, controlling on payroll, allotment, and employee numbers. Merge these cards, controlling on the same fields, into the normal file, selecting equal cards from the normal file and all J col. 80 cards from the plus new normal file.

D. Less Old Normal Listing

List the selected cards from c. above in employee number sequence within allotment and payroll. Show totals of earnings, deductions, and net pay for each allotment and payroll. Check totals to each payroll control register.

E. New Normal Listing

List the new normal pay file showing totals by control groups and check totals to payroll control register. Furnish a copy of this "New Normal Pay" listing to the Payroll Branch.

F. Beginning Actual Pay File

Reproduce the new normal pay file to obtain the beginning actual pay file, gang punching pay period, and card number into the reproduced cards.

G. Check Issue Cards

Reproduce name and identifying information from new normal pay cards into check issue cards. Hold for 6 - 1a

H. Normal Pay Verification

Upon receipt of the proof tabulations and listings from Machine Records Branch the following action will be taken by the Payroll Branch.

(1) Plus New Normal Listing

Check the total earnings, deductions, and net pay shown on this listing for each control group to the totals previously posted to the plus new normal line of the payroll control register. These totals must balance, and this gives a further proof that all documents have been processed and that the new cards have been punched correctly.

(2) Less Old Normal Listing

Verify that the earnings, deductions and net pay for each control group on the listing agree with the totals previously posted to the payroll control register.

(3) New Normal Listing

Verify that the earnings, deductions and net pay for each control group on the New Normal Pay listings agree with the Payroll Control registers.

PROCESSING STANDARD TEMPORARY CHANGES IN PAY

5-4 A. Summarizing Actual Pay

- (1) Match-merge additional compensation and the beginning actual pay cards on employee, allotment and payroll numbers. Select unmatched cards from both files. Check unmatched additional compensation cards, as there should be none.
- (2) Tabulate the actual pay and additional compensation cards, summary punching a "Pay This Period" card for each employee. During this operation, earnings and tax will be accumulated from both cards. Bond, Other, and Retirement deductions will be added from the beginning actual pay cards.
- (3) Select gross amounts above \$397.31 in pay this period cards and adjust to \$397.31 as provided in Federal Employees Pay Act of 1945, section 603 B.
- (4) Combine pay this period cards with actual pay cards selected in (1) above. The combined actual pay and pay this period cards are now called pay this period file.

PROCESSING NON-STANDARD TEMPORARY CHANGES

5-5 A. Non-standard Temporary Changes to Actual Pay

- (1) Key punch and verify cards from the payroll change slips for "non-standard" temporary changes with complete data normally contained in the pay this period cards and for no pay this period cases, punch an M Col. 80 card.
- (2) List these cards obtaining total amounts by control groups. Balance this plus actual pay listing to the Payroll Control Register.
- (3) Match-merge the pay this period file with the temporary plus actual pay cards. Select pay this period cards matching temporary plus actual pay cards. They become temporary less normal cards. Select M col. 80 cards.

B. Temporary Less Normal Listing

List the temporary less normal cards obtaining totals of amounts by allotment and payroll and balance to Payroll Control Register. File temporary less normal cards.

C. Pay This Period Listing

List the pay this period file, obtaining totals of amounts by allotment and payroll. Balance the "Pay This Period" line on the Payroll Control Register.

D. Reproduce net amounts from Pay This Period cards into the respective Check Issue Card.

E. Non-Standard Temporary Pay Verification

- (1) Upon receipt of the proof tabulations and listings from Machine Records, check the accuracy of the mechanical computation of additional compensation by multiplying the total hours for each rate group by the applicable rate and checking the result with the mechanically computed earnings for that group.
- (2) Notify Machine Records of any discrepancies in the control totals.

F. Plus Additional Compensation Listing

Post the totals for each control group to the additional compensation line of the Payroll Control Register.

G. Compute and Post

Compute and post the "Pay This Period" line of Payroll Control Register.

H. Pay This Period Listing

This is a listing of actual pay this period. Check the totals for each control group to Payroll Control Register.

I. Cross-foot earnings to gross, and gross minus deductions to net, for each control group.



SECTION VI

CHECKS AND REPORTS

CHECKS

- 6-1 a. Match pay this period cards against check issue cards prepared in 5 - 3 (g). Unmatched cards from pay this period file should be investigated and reconciled.
- b. Reproduce amount of net pay into check issue card from actual pay file.
- c. Reproduce check number into check issue card from check.
- d. Reproduce net amount of payment into check, comparing on check number.
- e. Checks are prepared from check issue cards by tabulator bill-feed or billfeed and interpreter system, comparing on check number to insure accuracy. The payee's name and amount of payment is read from the check issue card and printed on the check.

TIME AND ATTENDANCE REPORT AND PAYROLL CHANGE SLIP, FORM 34-42

- 6-2 a. A Time and Attendance Report and Payroll Change Slip, Form 34-42, for each employee will be printed to show normal pay items.
- b. These forms will be delivered to Payroll Branch Tuesday and Wednesday prior to the beginning of the pay period.

RECORD OF INDIVIDUAL EARNINGS

- 6-3 a. Subsequent to the distribution of checks, a payroll ledger will be printed from pay this period file. This records the separate pay items for each employee for the current period.
- b. The cumulative earnings and pay this period cards will be summarized for new cumulative earnings cards each quarter and the individual pay this period cards will be filed for subsequent reports.

WITHHOLDING TAX STATEMENTS

- 6-4 (1) Separations prior to year end
- a. Less old normal cards are match-merged against the cumulative earnings cards.

- b. The individual's name is printed on the Withholding Tax Statements continuous form W-2 from the less old normal card, gross earnings and tax deductions are totaled and printed from cumulative earnings cards.
- c. The Withholding Tax Statements are sent to Payroll Branch for distribution.
- d. Cards are maintained in separations file.

(2) Year-end Report

- a. At the end of the calendar year the current normal file is match-merged against the cumulative earnings file and W-2 forms prepared for all employees.

EMPLOYEE NOTICE OF ADDITIONAL COMPENSATION

- 6-5 a. Employee name and number, allotment, roll, amounts of overtime, holiday, and night differential payments, gross, tax deduction, and net payments are reproduced from additional compensation cards into Employee's Notice of Additional Compensation cards.
- b. Inclusive dates of pay period are gang punched.
- c. Cards are interpreted and sent to Payroll Branch for distribution with checks.

MACHINE AUDIT OF NORMAL PAY CARD

- 6-6 a. Periodically the normal pay cards will be matched against a master deck, controlling on class, grade, step, tax code, tax, retirement, and regular and overtime rates.
- b. Any discrepancies will be checked against the general schedule rate book. Payroll Branch shall be notified of any discrepancies.